

Washington State Auditor's Office
Accountability Audit Report

City of Leavenworth
Chelan County

Audit Period
January 1, 2002 through December 31, 2003

Report No. 67399

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Washington _____
State Auditor

Brian Sonntag

Audit Summary

**City of Leavenworth
Chelan County
January 1, 2002 through December 31, 2003**

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the City of Leavenworth for the period January 1, 2002, through December 31, 2003.

We performed audit procedures to determine whether the City complied with state laws and regulations and its own policies and procedures. Our work focused on specific areas that have potential for abuse and misuse of public resources.

RESULTS

The City complied with state laws and regulations and its own policies and procedures in the areas we examined. Internal controls were adequate to safeguard public assets.

RELATED REPORTS

Our opinion on the City's financial statements is provided in a separate report, which includes the City's financial statements.

CLOSING REMARKS

We appreciate the City's prompt attention to resolving prior audit issues and its commitment to ensuring compliance with conditions reported this audit. We thank City officials and personnel for their assistance and cooperation during the audit.

Table of Contents

**City of Leavenworth
Chelan County
January 1, 2002 through December 31, 2003**

Description of the City 1

Audit Areas Examined..... 3

Description of the City

City of Leavenworth Chelan County January 1, 2002 through December 31, 2003

ABOUT THE CITY

The City of Leavenworth was established in Chelan County in 1906. Known as the "Bavarian Village," the City and its 2,115 residents host more than 1.5 million tourists each year. The City provides its residents with water and sewer services, garbage, law enforcement, fire protection services and parks.

The City operates under a city administrator/manager form of government with seven elected Council Members and an elected Mayor who establish City policies and budgets. The Mayor also is responsible for selecting staff to oversee the daily operations of the City including the City Administrator, who is responsible for the oversight of the City's 27 full-time employees. The Mayor and the City Administrator also are responsible for monitoring the City's operating budget, which was approximately \$8.8 million during 2002 and \$11.5 million during 2003.

AUDIT HISTORY

We audit the City every two years. Recent audits have been free of findings. In addition, we found no conditions during the current audit period that were significant enough to report as findings.

City officials have taken steps in the past to make improvements and correct conditions as they are noted. We believe this reflects the City's commitment to maintain a strong financial system and to comply with state laws.

ELECTED OFFICIALS

These officials served during the audit period:

Mayor
Council Members:

William Bauer
Bill Wells
Keith Tower
Peter DeVires
Carolyn Wilson
Carl Florea
Jack Koenig
Rob Eaton

APPOINTED OFFICIALS

City Administrator
Clerk-Treasurer

Scott Hugill
Cheryl Grant

ADDRESS

City

700 Highway 2
P.O. Box 287
Leavenworth, WA 98826
(509) 548-5275
cityadmin@cityofleavenworth.com

Audit Areas Examined

City of Leavenworth Chelan County January 1, 2002 through December 31, 2003

In keeping with general auditing practices, we do not examine every portion of the City of Leavenworth's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the City were examined during this audit period:

ACCOUNTABILITY FOR PUBLIC RESOURCES

We evaluated the City's accountability in the following areas:

- Cash receipting
- Billings and accounts receivable
- Petty cash, change and revolving accounts
- Purchase of goods and services
- Property and equipment
- Financial statement preparation

LEGAL COMPLIANCE

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Deposit and investment of public funds
- Timely deposit of public funds
- Use of restricted funds
- Required financial schedules
- Risk management
- Open Public Meetings Act
- Ethics/conflict of interest laws
- Allowable expenditures
- Credit card usage
- Hotel and motel tax

FINANCIAL AREAS

Our opinion on the City's financial statements is provided in a separate report. That report includes the City's financial statements and other required financial information. We examined the financial activity and balances of the City including:

- Cash and investments
- Revenues
- Expenditures
- Long-term debt
- Overall presentation of the financial statements